

Message Text

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TO AMEMBASSY BOGOTA

INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, CO

SUBJECT: AIDE MEMOIRE ON TEXTILE AGREEMENT

GENEVA FOR PHELAN

1. PLEASE TRANSMIT THE FOLLOWING AIDE MEMOIRE TO GOC.
 2. TEXT OF AIDE MEMOIRE: "THE GOVERNMENT OF THE UNITED STATES WISHES TO RESPOND TO THE REQUEST OF THE GOVERNMENT OF COLOMBIA, MADE DURING CONSULTATIONS HELD IN BOYOTA IN OCTOBER, 1975, CONCERNING THE BILATERAL TEXTILE AGREEMENT BETWEEN OUR TWO COUNTRIES. THE REQUEST OF THE GOVERNMENT OF COLOMPIA CENTERS ON TWO CATEGORIES, 120 AND 121, WHICH PLACED A KPY ROLE IN THE NEGOTIATIONS LEADING TO THE BILATERAL TEXTILE AGREEMENT SIGNED MAY 28, 1975. THESE
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NEGOTIATIONS TOOK PLACE IN MARCH, 1975, AND BY MUTUAL AGREE-

MENT, THE BASE DATA COMPRISED THE LATEST TRADE STATISTICS AVAILABLE, I.E., THE 12 MONTHS ENDING JANUARY, 1975. DURING THE NEGOTIATIONS, THE GOVERNMENT OF COLOMBIA DID NOT PROPOSE THE USE OF THE YEAR-ENDING JUNE 1975 AS THE BASE PERIOD, NOR HAS THE UNITED STATES EVER ACCEPTED A FUTURE BASE PERIOD AS THE DEPARTURE POINT FOR NEGOTIATIONS. AT THE REQUEST OF THE COLOMBIAN NEGOTIATORS, THE AGREEMENT DID NOT TAKE EFFECT UNTIL JULY 1, 1975, TO ALLOW THE SHIPMENT OF ANY BACKLOGS OR BACK-ORDERS, PARTICULARLY IN CATEGORIES 120 AND 121, OUTSIDE THE AGREEMENT LEVELS. IN THE FINAL AGREEMENT, THE SPECIFIC LIMIT FOR CATEGORY 120 IN THE FIRST AGREEMENT YEAR WAS 28.9 PERCENT ABOVE THE BASE YEAR LEVEL OF TRADE AND THE SPECIFIC LIMIT FOR CATEGORY 121 WAS 16 PERCENT ABOVE THAT LEVEL.

3. AS IN THE CASE OF EVERY OTHER BILATERAL TEXTILE AGREEMENT NEGOTIATED BY THE UNITED STATES, THE NEGOTIATIONS USED PREVIOUS LEVELS OF TRADE AS REFERENCE POINTS. FULL EXPORT POTENTIAL HAS NEVER BEEN RECOGNIZED AS A BASIS FOR THE NEGOTIATION OF LIMITATION LEVELS EITHER IN THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (MFA) OR IN BILATERAL AGREEMENTS. HOWEVER, RECOGNIZING THE PROVISIONS OF ARTICLE 6 OF THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES, THE GOVERNMENT OF THE UNITED STATES HAS ALWAYS ATTEMPTED TO TAKE INTO ACCOUNT THE REASONABLE EXPORT EXPECTATIONS OF ITS TRADING PARTNERS.

4. THE TEXTILE IMPORTS INTO THE UNITED STATES ARE WIDELY SPREAD AMONG A NUMBER OF COUNTRIES. WHILE SOME OF THESE COUNTRIES ACCOUNT FOR ONLY A SMALL PERCENTAGE OF UNITED STATES TEXTILE IMPORTS, THE CUMULATIVE IMPACT OF THESE IMPORTS ON U.S. MARKETS IS CONSIDERABLE, AND IT IS THIS IMPACT WHICH THE GOVERNMENT OF THE UNITED STATES MUST CAREFULLY WEIGH.

5. IN ANY SITUATION WHERE EXPORTS ARE GROWING, THE CHOICE OF A LATER BASE PERIOD WILL ALWAYS GIVE HIGHER OVER-ALL AGREEMENT LEVELS AS WELL AS HIGHER LEVELS IN SOME CATEGORIES. THIS WAS CERTAINLY THE CASE FOR CATEGORIES 120 AND 121 IN MARCH 1975. THIS TENDENCY WAS CONSIDER-

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ABLY REINFORCED SINCE THE AGREEMENT ENTERED INTO EFFECT ONLY AFTER A DELAY OF THREE MONTHS, AS MENTIONED ABOVE. THE DELAY ALLOWED COLOMBIAN EXPORTERS THE OPPORTUNITY AND THE INCENTIVE TO SHIP HEAVILY OUTSIDE THE FRAMEWORK OF THE AGREEMENT DURING THESE THREE MONTHS, AND TRADE IN CATEGORY 120 AND 121 WAS PARTICULARLY HIGH AS MIGHT BE EXPECTED. THE THREE MONTH "GRACE PERIOD" WAS A MAJOR CONCESSION BY THE UNITED STATES PARTICULARLY WITH REGARD

TO CATEGORIES 120 AND 121. THE HIGHER LEVELS OF TRADE WHICH RESULTED FROM THIS CONCESSION WERE NOT INTENDED TO AFFECT THE BASE FOR THESE CATEGORIES.

6. CHANGING OF THE BASE YEAR DOES NOT, HOWEVER, APPEAR TO BENEFIT THE OTHER CATEGORIES MENTIONED BY THE GOVERNMENT OF COLOMBIA. THE FOLLOWING TABLE GIVES THE DATA FOR THE CATEGORIES MENTIONED:

--- TRADE LEVELS FOR YEAR ENDING:
CATEYORY AGREEMENT LEVEL JAN 1975 JUNE 1975

120	131,487	101,981	146,463
121	84,375	72,739	86,843
219	206,972	174,115	117,881
P24	1,248,397	1,049,049	901,928
228 (C)	48,176	26,478	31,755
229	141,818	119,244	92,313
230 (C)	33,113	8,426	14,273
237 (C)	155,155	59,480	104,408
238 (C)	84,270	45,607	49,549

(C) CONSULTATION LEVELS.

7. FOR THE THREE CATEGORIES WITH SPECIFIC LIMITS (CATEGORIES 219, 224 AND 229), CHOOSING THE YEAR ENDING JUNE 1975 AS THE BASE YEAR WOULD MEAN LOWER RESTRAINT LEVELS. THE FOUR REMAINING CATEGORIES ARE CONSULTATION LEVELS. AT PRESENT, IT DOES NOT APPEAR FROM U.S. TRADE FIGURES THAT COLOMBIAN SHIPMENTS IN THESE CATEGORIES ARE HIGH ENOUGH TO EXCEED THE CONSULTATION LEVELS.

8. THE SAME SITUATION APPEARS TO PREVAIL FOR THE CONSULTATION LEVELS.

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TATION CATEGORY 104 WHICH THE GOVERNMENT OF COLOMBIA HAS ASKED TO RAISE FROM 400,000 TO 600,000 SYE. THE COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS (CITA) HAS AGREED, NEVERTHELESS, THAT THE CONSULTATION LEVEL FOR CATEGORY 104 MAY BE EXCEEDED BY 20,000 SYE AND THAT THE U.S. WILL GIVE CAREFUL CONSIDERATION TO ANY FURTHER REQUEST BY THE GOVERNMENT OF COLOMBIA TO EXCEED AGREEMENT CONSULTATION LEVELS. HOWEVER, FOR THE REASONS GIVEN ABOVE, THE BASE LEVELS FOR THE AGREEMENT CANNOT BE CHANGED. INGERSOLL

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